

FISCAL NOTE

SB 707 - HB 1242

April 4, 2007

SUMMARY OF BILL: Enacts the "Property Owners Bill of Rights" which amends various laws relative to the ability of governments to utilize the power of eminent domain.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – Exceeds \$1,000,000

Increase Local Govt. Expenditures* – Exceeds \$1,000,000

Other Fiscal Impact – Changes in property tax collections could occur as a result of this bill. Currently, if an entity acquires property through the power of eminent domain, there may be a change in tax status as the property changes from a taxable parcel to a tax exempt parcel. If the take parcel is subsequently leased to a private entity, in-lieu of tax payments may be negotiated with the private entity. The amount of such payments can vary according to individually negotiated circumstances and may differ from the amount of tax collected prior to the government taking. Under this bill, such transactions would no longer take place. The property tax revenue impact cannot reasonably be quantified due to the unique circumstances of each taking.

Assumptions:

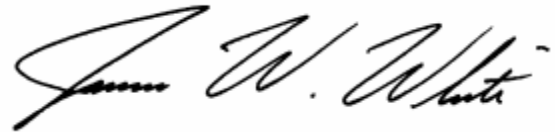
- There will be an increase in state expenditures due to the increase in the value of payments made to property owners resulting from the change in valuation criteria proposed by the bill. The amount of such increase cannot be specifically quantified but can reasonably be estimated to exceed \$1,000,000.
- There will be an increase in local government expenditures due to the increase in the value of payments made to property owners resulting from the change in valuation criteria proposed by the bill. The amount of such increase cannot be specifically quantified but can reasonably be estimated to exceed \$1,000,000.

- The use of the power of eminent domain for traditional purposes such as the construction of roads would be a permissible public use, rather than a promotion of economic development, and would therefore continue.
- Any administrative costs to state or local governments will be equivalent to the costs to sell such property in the absence of this bill.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director